

The Honorable James L. Robart

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

BONITA K. BIERY, a single woman, individually and on behalf of all others similarly situated,)	
)	No. C04-2467JLR
)	
Plaintiffs,)	DECLARATION OF NICOLE C.
)	PETERSEN IN SUPPORT OF
v.)	DEFENDANTS' MOTION TO DISMISS
)	
THE BOEING COMPANY EMPLOYEE HEALTH AND WELFARE BENEFIT PLAN, The Plan Administrator, a Washington Corporation; and AETNA LIFE INSURANCE COMPANY, a foreign corporation,)	NOTE ON MOTION CALENDAR: MARCH 4, 2005
)	
Defendants.)	

I, Nicole C. Petersen, hereby declare and state as follows:

1. I am currently employed by The Boeing Company ("the Company") as a Disability Management Specialist.
2. I make this declaration in connection with the Defendants' Motion to Dismiss in the case captioned *Biery v. The Boeing Company Employee Health and Welfare Benefit Plan, et al.*, No. C04-2467 JLR. If called as a witness, I could and would competently testify to the following:
3. In the course of my job duties, I have become familiar with The Boeing Company Employee Health and Welfare Benefit Plan ("the Plan") and the documents containing key terms

DECLARATION OF PETERSEN RE: DEFENDANTS' MOTION
TO DISMISS (C04-2467JLR) - 1

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1 for disability coverage under the Plan. Since May 1, 2004, my job duties at Boeing have
2 included operational oversight of the Company's short term and long term disability plans,
3 vendor management, operational integration of plans into existing business and people processes,
4 and resolution of disability issues from employees, labor unions, carriers, human resources
5 generalists and third party vendors.

6 4. The document attached hereto as Exhibit A is a true and correct copy of the
7 Summary Plan Description for the Plan. The Summary Plan Description contains disability
8 coverage terms and other terms for the Plan, for the time period from 2000 to the present.

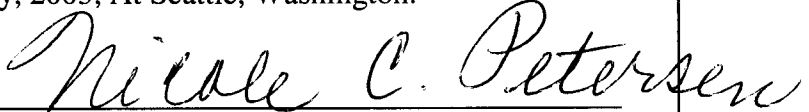
9 5. Certain changes to the Plan are summarized in "Benefits Updates." True and
10 correct copies of "Benefits Updates" from the time period 2000 to the present are attached hereto
11 as Exhibits B and C.

12 6. The Summary Plan Description and Benefits Updates have been made available
13 to all participants in the Plan, including the plaintiff. In addition, the Summary Plan Description
14 is currently available on Boeing's web site:

15 http://www.boeing.com/companyoffices/empinfo/benefits/health_welfare/spd/spd_91.pdf

16 I declare under the penalty of perjury under the laws of the United States of America that
17 the foregoing is true and correct to the best of my knowledge.

18 EXECUTED this 7 day of February, 2005, At Seattle, Washington.

19 
20 Nicole C. Petersen
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25
26

CERTIFICATE OF SERVICE

The undersigned attorney certifies that on the 8th day of February, 2005, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

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EXHIBIT A, Part 1



Disability, Life, and Accident Plans

Your Health and Welfare Plans / 2000 Edition

Eligible Nonunion Employees

Plan Highlights

This booklet describes the disability, life, and accident plans that may be available to you and your family if you are an eligible nonunion employee of The Boeing Company. The provisions of each of the plans are effective January 1, 1999.

The plans are designed to protect you and your family against income loss if an illness or disability keeps you off the job, to protect against financial hardship in the event of your death, and to provide benefits in the event of paralysis or loss of your limbs, eyesight, hearing, or speech due to an accident.

Disability Plans

If an illness or disability keeps you off the job, you will have benefits through Company-paid Short Term and Long Term Disability Plans. You also have the option to purchase supplemental long term disability coverage.

In general, these plans pay for disabilities that first occur on January 1, 1999, or later.

Life Plans

The Company offers life insurance plans to help protect you and your dependents against financial hardship in the event of death. Coverage under the Basic Life Insurance Plan is Company paid. The Company also offers you the Supplemental Life Insurance Plan so you can choose additional coverage for yourself and your dependents; you pay the full cost of this optional coverage.

Accidental Death and Dismemberment Plans

The Accidental Death and Dismemberment Plans and Business Travel Accident Plan provide benefits to your beneficiary in the event of your death, or to you in the event of paralysis or loss of your limbs, eyesight, hearing, or speech. The death or loss must be caused by a covered accident. In addition to the Company-paid Accidental Death and Dismemberment Plan and Business Travel Accident Plan, a Supplemental Accidental Death and Dismemberment Plan is available for you and your dependents; you pay the full cost of this optional coverage.

General Plan Provisions

Please read this material carefully and share it with your family. If you have questions, call the Boeing Service Center for Health and Welfare Plans at the phone number listed in Exhibit 4 on page 48.

Although the Company fully intends to continue the plans, it reserves the right to change, modify, amend, or terminate them at any time.

The benefits described in this booklet are provided under The Boeing Company Employee Health and Welfare Benefit Plan ("the Plan"). The Plan includes medical, dental, disability, life insurance, and accident insurance benefits for nonunion employees as well as other groups of Boeing employees.

Benefits payable under the Plan are limited to the benefits specified by the Plan. The Plan Administrator, Boeing Service Center, and service representatives that make benefit payments administer the Plan strictly in accordance with its provisions. The Plan Administrator and service representatives have the right to recover overpayments, regardless of the cause, nature, or source of the overpayments.

The Company authorizes the Boeing Service Center and service representatives to interpret the Plan and to decide appeals. Participants' appeal rights and the responsibilities of the Boeing Service Center, service representatives, and Plan Administrator are specified in the Plan.

In general, this booklet and the insurance contracts comprise the Plan document for these disability, life, and accident plans. This booklet is the summary plan description.

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Eligibility and Enrollment

Eligible Employees

You are eligible for coverage under the disability, life, and accident plans described in this booklet if you are a Boeing nonunion employee regularly scheduled to work 20 or more hours a week, and are on the active payroll and paid through the Company Payroll Department.

You are not eligible for coverage under these plans if you are working in a capacity that, at the sole discretion of the Plan Administrator, is considered as contract labor or independent contracting.

Eligible Dependents

Your eligible dependents may be covered under the Supplemental Life Insurance Plan and/or the Supplemental Accidental Death and Dismemberment Plan if you are enrolled in the plan(s) as an employee. Eligible dependents include your legal spouse and unmarried children (natural children, adopted children, children legally placed with you for adoption, and stepchildren) who are under age 21.

You also may request coverage for the following dependents:

- Your common-law spouse if your relationship meets the common-law requirements for the state in which you entered into the common-law relationship. (A domestic partner is not considered an eligible spouse.)
- Other children, as follows, who are under age 21, unmarried, dependent on you for principal support (as defined on page 46), and living with you:
 - Children who are related to you either directly or through marriage (e.g., grandchildren, nieces, nephews).
 - Children for whom you have legal custody or guardianship, or have a pending application for legal custody or guardianship.

Unmarried children may continue to be eligible from age 21 through age 24 if they are attending school full time or are dependent on you for principal support.

A disabled child age 25 or older may continue to be eligible (or enrolled if you are a newly eligible employee) if he or she is incapable of self-support due to any mental or physical condition that began before age 25. The child must be unmarried and dependent on you for principal support. Coverage may continue under the supplemental life and accident plans for the duration of the incapacity as long as you continue to be eligible under the plans and the child continues to meet these eligibility requirements.

A special application for coverage is required for disabled dependent children age 25 and older.

Documentation also is required to request coverage for a child for whom you have been given legal custody or guardianship. (See "Other Applications" on page 11.)

You cannot cover dependents who are serving in the armed forces of any country or subdivision of a country longer than 30 days.

Other Boeing Coverage

No person may be covered as both an employee (active or retired) and as a dependent under any type of plan offered by Boeing. This means that an eligible dependent cannot include another Boeing employee who is covered by a Company-sponsored supplemental life or accident plan.

If you and your spouse both are Boeing employees and have dependent children, you may elect supplemental life insurance and/or accidental death and dismemberment coverage for your eligible children under one parent's plans. Once enrolled under one parent's plans, eligible children can

transfer to the other parent's plans only during an authorized enrollment period or because of a qualified change in status (as defined on page 10).

If you and another Boeing employee marry after your coverages become effective, special provisions apply. One of you may decline employee coverage under the supplemental plans and choose to be covered as a dependent under your spouse's plans within 60 days after your date of marriage. The person who elects to change coverage must meet the plans' eligibility requirements. You must elect coverage for all children under the plans of one spouse or the other within 60 days after your marriage.

How to Enroll

If you are a newly eligible employee, you will receive an enrollment kit containing the following materials:

- Enrollment Worksheet—shows your available plan options, coverage levels, and costs.
- Enrollment Guide—explains how to enroll or access plan information using either an automated phone system or a web site.
- Overview—summarizes your benefit plan choices.

You also will receive in a separate mailing a personal identification number (PIN). To enroll, you will need your PIN, Social Security numbers for yourself and your eligible dependents, and birth dates for your eligible dependents.

You must enroll in the disability, life, and accident plans by the date indicated on your Enrollment Worksheet. The Long Term Disability Plan supplemental coverage, Supplemental Life Insurance Plan, and Supplemental Accidental Death and Dismemberment Plan are optional coverages. You may enroll in all, some, or none of the supplemental coverages. If you do not enroll by the date indicated on your Enrollment Worksheet, you will not have supplemental coverages.

Once you have completed your Enrollment Worksheet and have your PIN available, you can enroll by calling the Boeing Service Center automated phone system or by using the Boeing Health and Welfare Plans web site (as described on page 10).

The following section describes the conditions under which you may enroll in, or change coverage amounts under, the supplemental plans at a later date. It also describes requirements for submitting evidence of insurability (satisfactory proof of good health).

Supplemental Coverages

You can enroll in the following supplemental coverages:

- Long Term Disability Plan supplemental coverage for yourself.
- Supplemental Life Insurance Plan coverage for yourself and your eligible dependents.
- Supplemental Accidental Death and Dismemberment Plan coverage for yourself and your eligible dependents.

If you enroll when first eligible, you generally can enroll without evidence of insurability. Evidence of insurability only is required for a supplemental life insurance amount over \$500,000.

If you enroll yourself and/or your dependents in the supplemental coverages after your initial enrollment period or you wish to increase your coverage amount under the supplemental coverages, you generally must provide evidence of insurability to the service representative (insurance company). Evidence of insurability also may be required for your spouse. (The details, summarized by each supplemental coverage, appear in the following paragraphs.) Your application for coverage and evidence of insurability must be approved by the service representative before your coverage will become effective.

If evidence of insurability is required, you will be asked to complete a medical history questionnaire and sign an authorization for the service representative to obtain information from your physician(s). The service representative also may ask you to have an examination by a doctor of your choosing at your own expense. The service representative will maintain the strict confidentiality of this information. You may call the Boeing Service Center to find out more about enrolling in supplemental coverages and providing evidence of insurability.

Long Term Disability Plan Supplemental Coverage

If you enroll when you are first eligible, evidence of insurability is not required.

If you do not enroll at the time you are first eligible, you may enroll yourself, subject to evidence of insurability, during the annual enrollment period or within 60 days of a qualified change in status (as defined on page 10).

You may drop Long Term Disability Plan supplemental coverage at any time.

Supplemental Life Insurance Plan

If you enroll when you are first eligible, evidence of insurability is required for a coverage amount over \$500,000.

If you do not enroll at the time you are first eligible, you may enroll yourself and your eligible dependents within the following time frames:

- During the annual enrollment period. Evidence of insurability is required for you and your spouse; it is not required for your child or children.
- Within 60 days following a qualified change in status (as defined on page 10).
 - Evidence of insurability is required for you in all instances.
 - Evidence of insurability is not required for your spouse, or child or children, if the qualified change in status is due to your marriage.
 - Evidence of insurability is required for your spouse if the qualified change in status is due to the birth, adoption, placement for adoption of a child, or any event other than marriage. Evidence of insurability is not required for your child or children.

If you enrolled for supplemental coverage at the time you were first eligible, you may enroll dependents as follows:

- During the annual enrollment period. Evidence of insurability is required for your spouse; it is not required for your child or children.
- Within 60 days following a qualified change in status (as defined on page 10).
 - Evidence of insurability is not required for your spouse, or child or children, if the qualified change in status is due to your marriage.
 - Evidence of insurability is required for your spouse if the qualified change in status is due to the birth, adoption, placement for adoption of a child, or any event other than marriage. Evidence of insurability is not required for your child or children.

If you enrolled for supplemental coverage at the time you were first eligible, you may increase your coverage as follows:

- During the annual enrollment period. Evidence of insurability is required for you and your spouse; it is not required for your child or children.
- Within 60 days following a qualified change in status (as defined on page 10).
 - Evidence of insurability is required for you in all instances.
 - Evidence of insurability is not required for your spouse, or child or children, if the qualified change in status is due to your marriage.

- Evidence of insurability *is* required for your spouse if the qualified change in status is due to the birth, adoption, placement for adoption of a child, or any event other than marriage. Evidence of insurability is not required for your child or children.

You may drop all Supplemental Life Insurance Plan coverage, or coverage for your spouse, or child or children, at any time. You also may reduce coverage amounts at any time.

Supplemental Accidental Death and Dismemberment Plan

You may enroll yourself and eligible dependents, or increase coverage amounts, within the following time frames. No evidence of insurability is required.

- During the annual enrollment period.
- Within 60 days following a qualified change in status (as defined on page 10).

You may drop all Supplemental Accidental Death and Dismemberment coverage, or coverage for your spouse, or child or children, at any time. You also may reduce coverage amounts at any time.

Beneficiary Designations

At the time you enroll, you will be asked to designate the person or persons you would like to receive benefits under the life and accident plans if you die while covered under these plans. If no designated beneficiary survives you, the life insurance benefit will be paid to your surviving family members in this order:

- Your spouse.
- Your child or children.
- Your parent or parents.
- Your sibling or siblings.

If no designated beneficiary survives you, and none of these family members survives you, the life insurance benefit will be paid to your estate.

If you name a minor child as a beneficiary, the service representative (insurance company) generally will not make a payment until that child reaches the age of majority. If you wish the child to have current access to your life insurance benefits, you may want to consider naming a guardian or trust to receive the funds on behalf of the minor child.

If your spouse or dependent children are covered under the Supplemental Life Insurance Plan or the Supplemental Accidental Death and Dismemberment Plan, your spouse also may designate a beneficiary for the spouse life insurance benefit, and you may designate a beneficiary for the child or children's death benefit. If a beneficiary is not designated in writing, benefits will be paid to you in the event of their deaths.

You may change your beneficiary designation at any time by contacting the Boeing Service Center and completing a Beneficiary Designation form.

Absolute Assignment of Benefits

You may assign ownership of your life and accident insurance benefits, including subsequent increases, by submitting an Assignment of Group Coverage form to the Boeing Service Center. The Boeing Service Center will then submit the assignment form to the service representative (insurance company) to obtain written consent. You are encouraged to consult legal or tax counsel before assigning benefits under these plans. Assignment forms are available from the Boeing Service Center.

The Plan does not allow assignments to viatical settlement providers. (See page 47 for the definition of a viatical settlement provider.)

Boeing Service Center for Health and Welfare Plans

You may enroll by calling the Boeing Service Center automated phone system. Representatives are available on weekdays to answer questions or assist you in enrolling.

Automated Phone System	Seven days a week, 24 hours a day 1-888-747-2016 1-847-883-0746 (if calling from overseas) 1-800-855-2880 (hearing impaired)
Boeing Service Center Representatives	Available through the above numbers, Monday through Friday, 9 a.m. to 8 p.m. Eastern time, 8 a.m. to 7 p.m. Central time, 7 a.m. to 6 p.m. Mountain time, and 6 a.m. to 5 p.m. Pacific time

To enroll, you will need your PIN, as well as Social Security numbers and birth dates for yourself (and your dependents if you are enrolling your dependents in the supplemental life and accident plans).

After your initial enrollment, you may use the automated phone system to review your elections, add new dependents, and request forms. For other changes and for additional help, you will need to speak with a Boeing Service Center representative.

Boeing Health and Welfare Plans Web Site

As an alternative to the automated phone system, you may enroll on line through the Boeing Health and Welfare Plans web site at <http://resources.hewitt.com/boeing>. You also can link to this site from the Boeing Total Compensation site at <http://www.boeing.com/compensation/>. The web site allows you to review your elections and request forms.

Annual Enrollment Period

The Company establishes an enrollment period each year when you may make changes to your supplemental disability, life, and accident coverages. The enrollment period and effective date of changes made during this period are announced in advance.

Changes in Status

You will not be able to enroll, add dependents, or increase your level of coverage under the Long Term Disability Plan supplemental coverage, Supplemental Life Insurance Plan, and/or Supplemental Accidental Death and Dismemberment Plan until the next annual enrollment period unless you experience one of the following qualified changes in status:

- You marry, divorce, become legally separated, or your marriage is annulled.
- You acquire a new, eligible dependent, such as by birth, adoption, or placement for adoption.
- Your spouse or dependent dies.
- You, your spouse, or your dependent starts or stops working.
- You, your spouse, or your dependent is scheduled to work more or fewer hours, including changes from full time to part time (or part time to full time), or beginning or returning from a leave of absence.
- Your dependent becomes eligible for, or is no longer eligible for, supplemental life and accident coverage due to age limits, student status, or similar eligibility requirements.

You also may change your election if a court order requires you to provide or cancel medical or dental coverage for your child resulting from a divorce, annulment, or change in legal custody.

You must request enrollment or changes within 60 days after the qualifying event by calling the Boeing Service Center at 1-888-747-2016. You must provide the Boeing Service Center with any required supporting documentation within 31 days of the date you request enrollment or the coverage change request will be denied.

You may drop or reduce your supplemental coverage at any time.

Other Applications

As noted previously, a special application is required if you wish to continue or provide coverage for a disabled child age 25 or older. Documentation also is required to request coverage for a child for whom you have been given legal custody or guardianship.

In these situations, you must request enrollment by the date indicated on your Enrollment Worksheet or within 60 days after the qualifying event by calling the Boeing Service Center. You then must provide the Boeing Service Center with supporting documentation within 31 days of the date you request enrollment or the coverage change request will be denied.

You may continue the coverage of a disabled child age 25 or older by having a physician provide proof to the Boeing Service Center that the child is incapable of self-support due to disability within 31 days of the child's 25th birthday. You also may be required to verify the incapacity from time to time.

Effective Date of Coverage

Employees

If you are a newly hired employee, your coverage becomes effective on the first day of the month following one full calendar month of continuous employment, provided you make your election by the date indicated on your Enrollment Worksheet. To complete a full calendar month, you must be on the Company's active payroll from the first regularly scheduled workday of a month through the last regularly scheduled workday of that month.

You must be actively at work (as defined on page 45) for coverage to become effective on the following dates. If you are not actively at work, coverage will begin on the day you return to active work for one full day.

- If you are recalled from a layoff within five years, return to work from retirement, are reemployed following uniformed service (and return to work promptly according to federal law), or return from an approved leave of absence, coverage is effective on the date you are reinstated to the active payroll.
- If you are rehired within 31 days of separation from the Company, coverage is effective on the date you are reinstated to the active payroll. If you are rehired after 31 days, coverage is effective on the first day of the month following or coinciding with a full calendar month from the date you are reinstated to the active payroll.
- If you are transferring from one payroll to another, contact the Boeing Service Center for information about your coverage effective date.
- If you enroll or change your election during an annual enrollment period, coverage is effective on the date announced at the time of the enrollment period, unless evidence of insurability is required.
- If you enroll or change your election as a result of a qualified change in status (defined on page 10), coverage is effective on the qualified status change event date, unless evidence of insurability is required.
- Any coverage subject to evidence of insurability is effective on the first day of the month following or coinciding with approval of your evidence of insurability by the service representative.

You continue to be eligible for coverage as long as you are on the active payroll on the first day of each calendar month. For coverage during a leave of absence, see "Leaves of Absence" beginning on page 38.

Dependents

If you enroll your dependents in the supplemental life and accident plans within the required time limits, coverage for your dependents becomes effective on the following dates:

- As a newly eligible employee, coverage for your current dependents becomes effective on the same date your coverage begins if applied for at the same time.
- A new dependent is covered on the date of marriage, date of birth, date the child is legally placed with you for adoption, or date you assume financial responsibility. Supplemental life insurance coverage for any newborn child begins when the child is eight days old.
- Coverage for a common-law spouse is effective on the date of the common-law marriage.
- The following dependent children are covered retroactively to the date dependency is established:
 - Children (other than your natural, adopted, or step children) who are related to you directly or through marriage.
 - Children for whom you have legal custody or legal guardianship.
- If you enroll your dependents during the annual enrollment period, coverage is effective on the date announced at the time of the enrollment period, unless evidence of insurability is required.
- If you enroll your dependents as a result of a qualifying change in status (defined on page 10), coverage is effective on the qualified status change event date, unless evidence of insurability is required.
- Any coverage subject to evidence of insurability is effective on the first day of the month following or coinciding with approval of the evidence of insurability by the service representative.
- If a dependent (other than your natural newborn child or child legally placed with you for adoption) is confined in a hospital or similar institution on the date coverage would normally become effective, coverage will not begin until the dependent is discharged from the facility.

Contributions

The Company pays the full cost of your coverage under the Short Term Disability Plan, Long Term Disability Plan basic coverage, Basic Life Insurance Plan, Accidental Death and Dismemberment Plan, and Business Travel Accident Plan.

You pay the full cost of any coverage you choose under the Long Term Disability Plan supplemental coverage, Supplemental Life Insurance Plan, and Supplemental Accidental Death and Dismemberment Plan. Your contributions may depend on your age, the amount of coverage you elect, and the number of dependents you cover.

The Enrollment Worksheet included in your enrollment kit shows the pay period cost for the supplemental coverages. Current contribution information also is available from the Boeing Service Center.

Payroll deductions for coverage that becomes effective after the first day of a month (such as for new dependents) begin on the first day of the following month. Contributions will be taken retroactively. Your enrollment in supplemental coverages authorizes the Company to deduct your contributions from your paychecks. ■

Short Term Disability Plan

The Company provides disability income coverage for you under the Short Term Disability Plan. You are eligible for a weekly benefit if you become totally disabled (as defined on page 47) as a result of an accidental injury or illness while covered under this plan.

The service representative for the Short Term Disability Plan is Aetna Life Insurance Company, an Aetna U.S. Healthcare company. Boeing may change the service representative at any time.

Benefits

Your benefits under this plan will begin after your disability has lasted seven consecutive days. Following this waiting period, you will receive a weekly benefit based on your weekly salary (as defined on page 47), according to the schedule of benefits in Exhibit 1 below.

Exhibit 1	
Short Term Disability Benefit Schedule	
Benefit Period	Benefit Amount
Week 1	Waiting period; no benefits paid under the plan
Weeks 2 through 13	You receive 80% of your weekly salary
Weeks 14 through 26	You receive 60% of your weekly salary
After 26 weeks	You may be eligible for Long Term Disability Plan benefits

Your benefit may be adjusted for other income benefits and rehabilitative employment, as described on pages 15 and 16. There is no minimum or maximum benefit payment under this plan.

Your benefits under this plan will be determined using the weekly salary reflected in the records of the Boeing Service Center at the time your disability first begins (called your predisability earnings; see the definition on page 46). If you are a part-time employee, your benefits under this plan will be determined using the average weekly salary actually earned for the six weeks immediately preceding your date of disability.

If you are actively at work (as defined on page 45) and your weekly salary either increases or decreases, the coverage amount (the weekly benefit for which you may be eligible) will automatically change on the first day of the month following or coinciding with the date the Boeing Service Center is notified of the change in your salary. If you are not actively at work on the day the coverage change is to become effective, the effective date for your new coverage amount will be delayed until the first day of the month following or coinciding with the day you return to work for one full day. Any retroactive change in your weekly salary will not retroactively change your disability coverage amount under this plan. If your period of disability has started, a change in your weekly salary will not change your benefit amount.

During the seven-day waiting period for benefits, you are eligible to receive up to 100 percent of your weekly salary from other sources. You may use accrued sick leave, if available. If no sick leave is available, you may use vacation or take this time as unpaid leave.

During the second through 26th weeks of disability, Short Term Disability Plan benefits may be supplemented with accrued sick leave, vacation, or Financial Security Plan (FSP) funds*, up to 100 percent of your weekly salary. Alternately, accrued sick leave, vacation, or FSP funds may be used instead of Short Term Disability Plan benefits.

Total Disability

To be eligible for short term disability benefit payments, you must be totally disabled; that is, you must be unable to perform the material duties of your own occupation and be earning 80 percent or less of your predisability earnings. (See page 47 for the complete definition of totally disabled.) You must be under the continuous care of a legally qualified physician throughout your period of total disability. In addition, the service representative may require you to be examined by a physician of its choice as often as is reasonably necessary to verify your continuous total disability.

All determinations of total disability are made by the service representative within the terms of its contract with the Company.

Benefit Payment Period

Benefits begin after a waiting period of seven consecutive days and continue while you are disabled, up through the 26th week of disability. To receive benefits, you must submit a claim to the service representative. (See "How to Submit a Claim" on page 16.) You will receive any retroactive amounts for which you are eligible as soon as your claim is approved.

You will receive benefit payments as shown in Exhibit 1 on page 13 while you continue to be disabled. Benefits stop when you no longer are disabled, at the end of your maximum benefit period, or when you die.

Separate Periods of Disability

A period of disability ends and benefit payments under this plan stop when you no longer are disabled for one full day. If you incur a second period of disability, the cause of the second disability and the length of your recovery time between the disability periods will determine whether it is treated as a temporary recovery (a continuation of the first disability claim) or as a separate disability claim.

Your recovery will be considered a temporary recovery if, during the benefit payment period, you ceased to be disabled for a total of 60 days or less.

The following provisions apply to periods of temporary recovery:

- Only one waiting period applies.
- Your weekly salary used to determine your initial short term disability benefit does not change.
- Your period of temporary recovery does not count toward your
 - 26-week waiting period for long term disability benefits.
 - Maximum benefit period under the Long Term Disability Plan.
- No short term disability benefits are paid for the period of temporary recovery.

Your second period of disability will be considered a separate disability claim if you have returned to work for one full day and

- It is due to a different cause than the first disability period, or
- It is due to the same cause or causes but your recovery is longer than the allowable temporary recovery time limits, or
- The first period of disability began before you were covered under this plan.

You will need to submit a claim for benefits and meet the waiting period requirements before benefits will be paid.

*FSP funds are only available for premerger Boeing employees who have FSP account balances.

Other Income Benefits

Certain other income benefits that you are entitled to receive will reduce your weekly benefit from the Short Term Disability Plan. There is no minimum benefit payment under this plan. You must apply for all other income benefits, including Social Security, for which you may be eligible (except retirement benefits).

Your benefits under this plan are reduced by the following sources of income:

- Salary continuation (to the extent combined short term disability, salary continuation, and other income benefits exceed 100 percent of predisability earnings).
- Insured or uninsured disability income plans of any employer, multiemployer or multiple employer welfare plan, or union welfare plan.
- Benefits from a disability income plan of any state or other jurisdiction.
- Social Security benefits, including primary, spouse, and dependent benefits.
 - Social Security disability benefits (the amounts you and your dependents receive).
 - Social Security retirement benefits (the amounts you and your dependents receive).
- Railroad Retirement Act benefits, or other benefits paid under a federal or state law.
- Workers' compensation benefits.
- No-fault wage replacement benefits paid under a no-fault auto insurance law.
- Salary, wages, other compensation from any employer, or income from any occupation for compensation or profit, except as described in "Rehabilitative Employment" on page 16.
- Group credit or mortgage disability insurance.
- Retirement income benefits from the Company or any Company subsidiaries, except
 - The portion of any retirement benefit attributable to employee contributions.
 - The portion of any lump sum distribution attributable to employee contributions.
 - Any retirement benefit the employee is eligible to receive, but which the employee elects not to receive.

Other income benefits paid in a lump sum will be allocated over the time period specified in the lump sum settlement, or the claimant's life expectancy (as determined by the service representative) if no time period is specified.

Short term disability benefit payments will not be reduced for cost-of-living increases in other income benefits.

Short term disability benefit payments also will not be reduced by benefits from

- Profit-sharing plans.
- Thrift or savings plans.
- Deferred compensation plans.
- Stock ownership plans.
- Internal Revenue Code (IRC) Section 401(k) plans or Section 457 plans.
- Individual retirement accounts (IRA).
- Tax-sheltered annuities (TSA) under IRC Section 403(b).
- Keogh (HR-10) plans.
- Individual disability insurance policies.
- Accelerated benefits paid under a life insurance policy.
- Military retirement or disability benefits unless related to the cause of the current disability.

When an Injury or Illness Is Caused by the Negligence of Another

If a third party is legally liable for an injury or illness to a person covered under this plan, regular plan benefits will be paid if the covered person agrees to cooperate with the service representative in administering the plan's subrogation rights. This includes providing all the necessary and requested information and submitting bills related to the injury or illness to any applicable party. The covered person also must agree to reimburse the plan if he or she recovers payment from the liable party or any other source. A third party includes any party possibly responsible for causing or compensating the injury or illness of a person covered under this plan, or the covered person's no-fault automobile, homeowner's, or other insurance coverage.

Rehabilitative Employment

To encourage you to return to gainful employment before you fully recover from your total disability, the plan allows you to receive pay for certain work without a reduction in your plan benefits. During the period you are receiving short term disability benefit payments, you may earn up to a maximum of 100 percent of your predisability earnings (as defined on page 46) through a combination of your short term disability benefits plus earnings from approved rehabilitative employment.

The service representative must approve the rehabilitation program. If the sum of rehabilitative earnings, other income benefits, and short term disability benefits exceeds your predisability earnings, the excess will be considered other income benefits and will reduce your weekly benefit under this plan.

Exclusions

The Short Term Disability Plan does not cover any disability due to

- Intentionally self-inflicted injury (while sane or insane).
- Your committing, or attempting to commit, an assault, battery, or felony.
- War or any act of war (declared or not declared). The plan does, however, pay for disabilities caused by an act of war while you are traveling on business for the Company.
- Insurrection, rebellion, or taking part in a riot or civil commotion.
- Military duty other than temporary active duty of less than 31 days.

You are not considered to be disabled, and no benefits are paid for, any day you are confined in a penal or correctional institution for conviction of a crime or other public offense.

How to Submit a Claim

You must fill out a Short Term Disability Plan claim form to request disability benefits.

You may avoid a delay in benefit payments by submitting a claim to the service representative as soon as you know or suspect your absence will last more than seven days. Claim forms are available from Boeing Leave of Absence coordinators, People representatives, and the Boeing Medical Department.

You must submit your claim for short term disability benefits within 31 days of the date your disability benefits are first payable. If, through no fault of your own, you are unable to submit your claim within 31 days, you must submit it as soon as possible. A claim submitted more than one year late will not be covered unless you are legally incapacitated. ■

Long Term Disability Plan

The Company provides basic disability income coverage for you under the Long Term Disability Plan. You also may purchase supplemental long term disability coverage. (See pages 7 and 8 for enrollment information.) You are eligible for a monthly benefit if you become totally disabled (as defined on page 47) as a result of an accidental injury or illness, including a pregnancy-related condition, while covered under this plan.

The service representative for the Long Term Disability Plan is Aetna Life Insurance Company, an Aetna U.S. Healthcare company. Boeing may change the service representative at any time.

Benefits

Your benefits under this plan will begin after your total disability has lasted 26 weeks. Following this waiting period, you will receive a monthly benefit equal to 50 percent of your base monthly salary (as defined on page 45). Your benefit may be adjusted for other income benefits and rehabilitative employment, as described on pages 18 through 21.

If you are enrolled in supplemental long term disability coverage, your benefit includes an additional 10 percent of your base monthly salary. This 10 percent benefit is not reduced by any other income, except earnings from rehabilitative employment (as described on pages 20 and 21).

Your maximum monthly benefit for basic and supplemental coverage is \$15,000.

Your benefits under this plan will be determined using the base monthly salary reflected in Boeing Service Center records at the time your disability first begins (called your predisability earnings; see the definition on page 46). If you are a part-time employee, your benefits under this plan will be determined using the average base salary actually earned for the six weeks immediately preceding your date of disability.

If you are actively at work (as defined on page 45) and your base monthly salary either increases or decreases, the coverage amount (the monthly benefit for which you may be eligible) will automatically change on the first day of the month following or coinciding with the date the Boeing Service Center is notified of the change in your salary. If you are not actively at work on the day the coverage change is to become effective, the effective date for your new coverage amount will be delayed until the first day of the month following or coinciding with the day you return to work for one full day. Any retroactive change in your base monthly salary will not retroactively change your disability coverage amount under this plan. If your period of disability has started, a change in your monthly salary will not change your benefit amount.

Total Disability

To be eligible for long term disability benefit payments, you must be totally disabled; that is, you must be unable to perform the material duties of your own occupation and be earning 80 percent or less of your predisability earnings. After 24 months of benefit payments, you must be unable to work at any reasonable occupation. (See page 47 for the complete definition of totally disabled.) You must be under the continuous care of a legally qualified physician throughout your period of total disability. In addition, the service representative may require you to be examined by a physician of its choice as often as is reasonably necessary to verify your continuous total disability.

All determinations of total disability are made by the service representative within the terms of its group insurance contract with the Company.

Benefit Payment Period

You will receive benefit payments while you continue to be totally disabled, up to the maximum period indicated in Exhibit 2 on page 19.

Disabilities Due to Mental Illness and Substance Abuse

The plan will pay benefits up to a maximum of 24 months for disabilities due to mental illness and substance abuse. After 24 months of benefit payments, long term disability benefits will continue only if you are confined to a hospital or similar institution for the condition causing the disability.

If this inpatient confinement lasts less than 30 days, benefits will cease when you are no longer confined. If the confinement lasts 30 days or more, benefit payments may continue until you have not been confined for that condition for a total of 90 days in any 12-month period. (The rules for separate periods of disability do not apply.)

Separate Periods of Disability

A period of disability ends and benefit payments under this plan stop when you no longer are totally disabled for one full day. If you have a second period of disability, the cause of the second disability and the length of your recovery time between the disability periods will determine whether it is treated as a temporary recovery (a continuation of the first disability claim) or as a separate disability claim.

Your recovery will be considered temporary if you cease to be totally disabled for the following time limits:

- During the waiting period for benefits (the first 26 weeks of disability), for a total of 60 days or less.
- During the benefit payment period, for 26 consecutive weeks or less for each period of recovery.

The following provisions apply to periods of temporary recovery:

- Only one waiting period applies.
- Your base monthly salary used to determine your initial long term disability benefit does not change.
- Your period of temporary recovery does not count toward your
 - 26-week waiting period for long term disability benefits.
 - Maximum benefit period if you became disabled after attaining age 60. (Refer to Exhibit 2 on page 19 for information about benefit periods.)
 - 24-month period in which you are eligible to receive long term disability benefits because you are considered totally disabled and unable to perform the material duties of your own occupation.
 - 24-month limit on disabilities due to mental illness or substance abuse.
- No long term disability benefits are paid for the period of temporary recovery.

Your second period of disability will be considered a separate disability claim if you have returned to work for one full day and

- It is due to a different cause than the first disability period, or
- It is due to the same cause or causes but your recovery is longer than the allowable temporary recovery time limits, or
- The first period of disability began before you were covered under this plan.

You will need to submit a claim for benefits and meet the waiting period requirements before benefits will be paid.

Other Income Benefits

Certain other income benefits that you are entitled to receive will reduce your monthly benefit from the Long Term Disability Plan. There is no minimum benefit payment for the basic coverage. If you are enrolled in the supplemental coverage, the minimum benefit payment is 10 percent of your base monthly salary.

Exhibit 2

Long Term Disability Benefit Period

Age at the Time the Period of Total Disability Begins	Maximum Period of Benefits*
under 60	until age 65
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months
68	15 months
69 and over	12 months

*Or to your Social Security normal retirement age, if later.

You must apply for all other income benefits, including Social Security, for which you may be eligible (except retirement benefits before your normal retirement age). If benefits are initially denied, you must reapply and provide evidence of your application. All such evidence should be sent to the service representative.

Your benefits under this plan are reduced by the following sources of income:

- Salary continuation.
- Insured or uninsured disability income plans of any employer, multiemployer or multiple employer welfare plan, or union welfare plan.
- Benefits from a disability income plan of any state or other jurisdiction.
- Social Security benefits, including primary, spouse, and dependent benefits.
 - Social Security disability benefits (the amounts for which you and your dependents are eligible).
 - Social Security retirement benefits (the amounts you and your dependents receive).
- Railroad Retirement Act benefits, or other benefits paid under a federal or state law.
- Workers' compensation benefits.
- No-fault wage replacement benefits paid under a no-fault auto insurance law.
- Salary, wages, other compensation from any employer, or income from any occupation for compensation or profit, except as described in "Rehabilitative Employment" on pages 20 and 21.
- Group credit or mortgage disability insurance.
- Retirement income benefits from the Company or any Company subsidiaries, except
 - The portion of any retirement benefit attributable to employee contributions.
 - The portion of any lump sum distribution attributable to employee contributions.
 - Any retirement benefit the employee is eligible to receive before the plan's normal retirement age, but which the employee elects not to receive before that age.

After normal retirement age, long term disability benefits are reduced by retirement benefits that you are eligible to receive, whether received or not.

Other income benefits paid in a lump sum will be allocated over the time period specified in the lump sum settlement, or the claimant's life expectancy (as determined by the insurance company) if no time period is specified.

If you are eligible for plan benefits beyond age 65, you must elect to begin receiving benefits under a Company-sponsored retirement plan by the later of

- 60 days after the end of the retirement plan year in which you reach age 65.
- Six months after your period of total disability begins.

(Under most Company-sponsored retirement plans, the plan year ends on December 31. For more information about retirement plan years, call the Boeing Pension Value Plan Center at 1-800-356-7240 or, for the hearing impaired, 1-800-356-7287.)

If you have not elected retirement plan benefits by the applicable date, the service representative will estimate the amount you are eligible to receive and subtract it from the plan benefit. This estimate will be used until you provide satisfactory evidence of the exact amount of your retirement benefit.

Long term disability benefit payments will not be reduced for cost-of-living increases in other income benefits.

Long Term Disability Plan benefit payments also will not be reduced by benefits from

- Profit-sharing plans.
- Thrift or savings plans.
- Deferred compensation plans.
- Stock ownership plans.
- Internal Revenue Code (IRC) Section 401(k) plans or Section 457 plans.
- Individual retirement accounts (IRA).
- Tax-sheltered annuities (TSA) under IRC Section 403(b).
- Keogh (HR-10) plans.
- Individual disability insurance policies.
- Accelerated benefits paid under a life insurance policy.
- Military retirement or disability benefits unless related to the cause of the current disability.

When an Injury or Illness Is Caused by the Negligence of Another

If a third party is legally liable for an injury or illness to a person covered under this plan, regular plan benefits will be paid if the covered person agrees to cooperate with the service representative in administering the plan's subrogation rights. This includes providing all the necessary and requested information and submitting bills related to the injury or illness to any applicable party. The covered person also must agree to reimburse the plan if he or she recovers payment from the liable party or any other source. A third party includes any party possibly responsible for causing or compensating the injury or illness of a person covered under this plan, or the covered person's no-fault automobile, homeowner's, or other insurance coverage.

Rehabilitative Employment

To encourage you to return to gainful employment before you fully recover from your total disability, the plan allows you to receive pay for certain work without a reduction in your plan benefits. During the first 24 months that you are receiving long term disability benefit payments, you may earn up to a maximum of 100 percent of your predisability earnings through a combination of your long term disability benefits plus earnings from approved rehabilitative employment. After 24 months, the

combined total of your plan benefits plus earnings from rehabilitative employment cannot exceed 80 percent of your predisability earnings. To help protect you from the effects of inflation, your predisability earnings are indexed to the cost of living (see the definition of indexed predisability earnings on page 45).

The service representative must approve the rehabilitation program. If the sum of rehabilitative earnings, other income benefits, and long term disability income benefits exceeds 100 percent or 80 percent of your indexed predisability earnings, the excess will be considered other income benefits and will reduce your monthly benefit under this plan.

Exclusions

This plan does not cover a disability that begins during the first 12 months of coverage if the disability is the result of a preexisting condition (as defined on page 46). The preexisting condition exclusion applies to both the basic and supplemental long term disability coverage.

The Long Term Disability Plan does not cover any disability due to

- Intentionally self-inflicted injury (while sane or insane).
- Your committing, or attempting to commit, an assault, battery, or felony.
- War or any act of war (declared or not declared). The plan does, however, pay for disabilities caused by an act of war while you are traveling on business for the Company.
- Insurrection, rebellion, or taking part in a riot or civil commotion.
- Military duty other than temporary active duty of less than 31 days.

You are not considered to be disabled, and no benefits are paid for, any day you are confined in a penal or correctional institution for conviction of a criminal or other public offense.

How to Submit a Claim

If you are receiving benefits under the Short Term Disability Plan and continue to be totally disabled under the plan, you do not need to submit a claim form for benefits under this plan. The service representative will automatically review your claim to determine if long term disability benefits will be payable.

If you are not receiving benefits under the Short Term Disability Plan, you must submit a claim to the service representative using the Short Term Disability Plan claim form. Claim forms are available from Boeing Leave of Absence coordinators, People representatives, and the Boeing Medical Department.

You must submit your claim for long term disability benefits within 90 days of the date your 26-week waiting period ends. If, through no fault of your own, you are unable to submit your claim within 90 days, you must submit it as soon as possible. A claim submitted more than one year late will not be covered unless you are legally incapacitated. ■

Basic Life Insurance Plan

The Basic Life Insurance Plan pays a basic life insurance benefit to your beneficiary if you die, regardless of the cause, time, or place, while you are covered under the plan.

The service representative for the Basic Life Insurance Plan is Aetna Life Insurance Company, an Aetna U.S. Healthcare company. Boeing may change the service representative at any time.

Benefits

Your basic life insurance coverage equals $2\frac{1}{4}$ times your base annual salary (as defined on page 45), up to a maximum of \$3.5 million. Your coverage amount is rounded to the next highest \$1,000 if it is not already an even \$1,000.

In the event of your death, the benefit will be paid to the beneficiary on file with the Boeing Service Center. Refer to page 9 for information about beneficiary designations.

Your beneficiary can choose to have benefits paid in a lump sum check or have a checkbook issued. If the beneficiary chooses a checkbook, death benefit proceeds are paid into an Aetna Benefits Checkbook account, which bears interest at current money market rates. The beneficiary can write one check for the entire amount, or several checks over a period of time. There is no minimum or maximum time for maintaining the account. If initial proceeds are less than \$10,000, the service representative will issue a lump sum check.

Proceeds of your basic life insurance death benefit also can be assigned to a mortuary or funeral home to cover the cost of a funeral, burial, cremation, or crypt.

If you are actively at work (as defined on page 45) and your base annual salary either increases or decreases, the amount of your basic life insurance coverage will automatically change on the first day of the month following or coinciding with the date the Boeing Service Center is notified of the change in your salary. If you are not actively at work on the day the coverage change is to become effective, the effective date for your new coverage amount will be delayed until the first day of the month following or coinciding with the day you return to work for one full day. Any retroactive change in your base annual salary does not retroactively change the amount of your basic life insurance.

Accelerated Death Benefit

If you become terminally ill (as defined on page 46) while you are covered under this plan, you may request an accelerated death benefit of up to 50 percent of your basic life insurance benefit. The accelerated death benefit must be at least \$5,000 but cannot be more than \$300,000. Upon approval of your request by the service representative, the benefit will be paid in a lump sum.

When your request for an accelerated death benefit is approved, the amount of your basic life insurance then in effect is reduced by the amount of your accelerated death benefit. After the reduction, you will not be able to apply for an individual conversion policy with respect to the amount of life insurance you received as an accelerated death benefit. For example, if you have \$150,000 in basic life insurance and you request and receive an accelerated death benefit of \$75,000, you will be able to convert only the remaining \$75,000 of insurance to an individual policy.

To the extent allowed by law, any accelerated death benefit paid to you is exempt from any legal or equitable process for your debts, and you are not required to request an accelerated death benefit to satisfy the claims of your creditors.

The amount of your accelerated death benefit may be subject to income tax when you receive it. In addition, payment of an accelerated death benefit may adversely affect your eligibility for Medicaid and other government benefits or entitlements. You are encouraged to consult legal or tax counsel before requesting an accelerated death benefit.

How to Request an Accelerated Death Benefit

To initiate a request for an accelerated death benefit, call the Boeing Service Center. You then must complete an Application for Accelerated Death Benefit and return it to the service representative at the address in Exhibit 4 on page 48. Along with your form, you must include the statement of a licensed physician in the United States that you are terminally ill. The physician's statement must include all medical test results, laboratory reports, and any other information on which the statement is based, including the generally accepted protocol used to determine your prognosis.

In considering your request, the service representative may ask you to have an independent medical exam, at its expense. If the results of this exam cause your request to be denied, you and the service representative can select an impartial arbitrator, whose decision will be final and binding. The service representative will pay the cost of an arbitrator.

You may request an accelerated death benefit only once. You are ineligible for an accelerated death benefit if you have by assignment, or otherwise, transferred ownership of your basic life insurance coverage to someone else.

The service representative may refuse to pay an accelerated death benefit if any of the following events occurs before the service representative approves your request:

- The group contract with the service representative terminates (even if all or part of your basic life insurance coverage continues for any reason).
- The entire amount of your basic life insurance under the group contract ceases for any reason.
- You die before the accelerated death benefit is paid.

Coverage During a Disability

The Company will continue your coverage under this plan for the first six months of a medical leave of absence by paying the required premium to the service representative. If you become totally disabled (as defined on page 47) before age 65 and while covered under the plan, the Company will continue to pay the premium for your coverage until the earlier of age 65 or your recovery. You will be considered disabled during any time that you are receiving benefits under the Short Term Disability Plan or Long Term Disability Plan.

During a period of rehabilitative employment under the Short Term Disability Plan or the Long Term Disability Plan, your basic life insurance coverage will be continued under this disability provision instead of as an active employee.

If you recover from your disability but do not return to work, your coverage under this plan will end. See "Termination of Coverage" beginning on page 38 for more information.

How to Submit a Claim

All claims for life insurance benefits should be reported immediately to the Boeing Service Center. The service representative may deny a claim if submitted more than 12 months after coverage ends. ■